

## ESSENCE AND SIGNIFICANCE OF PENSION INSURANCE

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The ideology of the development of a three-level pension system, which envisages the introduction of an accumulation level and the development of non-state pension insurance, may well be a perfect basis for further pension reform implementation in Ukraine [1].

What is pension accumulation? This is not a bank – it's an investment fund. Therefore, he can not go after a maximum profit, risking our money. It should receive less but guaranteed profit during 20 years.

At present, Ukraine uses a solidarity system of pension support. German Chancellor Otto von Bismark is considered as the founder of this system, which is based on the responsibility of generations, i.e. on creating a situation when the younger generation cares about the elderly people providing "comfortable declining years". In the time of O. Bismark, there were 16 workers for one pensioner, who could really take care of their parents. Today, the demographic situation has changed considerably. Now in Ukraine, 10 employees account for 11 pensioners, and in a few years there will be 13-15 pensioners for 10 working people, which will not allow to ensure a comfortable retirement if a solidarity approach to retirement provision is retained. Therefore, the overwhelming majority of countries have transferred to a system of accumulations, in which, while working, every person accumulates necessary funds for himself/herself. This approach allows, on the one hand, to guarantee the accumulation funds for the old age as the most vulnerable period of our lives, and, on the other hand, to obtain for the state a powerful inflow of funds, which can be invested into the economy and development of the country.

The first steps in this direction have been made in Ukraine. Although it is impossible to transform the pension system in one day, yet the new pension legislation also guides us to accumulation. For about a half of the population and for young people almost entirely, the pension will depend on our personal savings. Thus, the second stage of the pension reform consists in deduction from 2% to 7% of the official salary to personalized pension accounts. The only complexity now is a huge deficit of the pension fund budget, which postpones the beginning of functioning of this level of pension reform.

The third stage of the reform is a voluntary accumulation of funds through non-state pension funds and insurance companies on universal life insurance. In relation to non-state pension funds, the legislation is still imperfect which does not allow to reliably accumulate the desired amount of fund with a profit, but the segment of "life" insurance companies is actively developing. It should be noted that namely in this segment of the financial market that our legislation is the

closest to the European standards. This includes a very tight control by the state over the activities of "life" insurance companies, an authorized capital, which consists of 10 million euros in ready cash since May 2013 and a minimum mandatory threshold of investment income at the level of a 4% minimum set by the Law of Ukraine "On Insurance" and many other things [2].

Some aspects of accumulative (retirement) life insurance are the following.

Firstly, accumulation of funds. The contracts are set up for a period of 5 years, which allows accumulating significant funds. Typically, in hryvnas, the average investment income is 15-20% per annum, in dollars and euros it is from 4% to 12% per annum. The interest rates are not much different from the bank.

Secondly, the insurance itself. Thus, accumulating funds, we also insure our health and life. In case the insured person dies, his/ her heritors will receive only the accumulated money from the bank deposit account in half a year. But if there is a "life insurance", the beneficiary, i.e. the person specified in the contract as being entitled to insurance payments, receives all the sum insured plus a percentage (not the amount submitted), and receives it in 2 weeks. It is also possible to get payment for such risks as disability due to an accident, hospitalization, etc. As we see, by insuring ourselves, we also protect our relatives from possible financial strikes.

Thirdly, the contracts are reinsured in serious international insurance companies, which increases their reliability. It is precisely that reinsurance is one of the most powerful factors of stability and requires special attention when concluding an agreement on long-term life insurance.

Fourthly, state control over the activities of insurance companies is assumed for life insurance; in particular, the way that they form reserves, how they use collected premiums (insurance payments), etc.

It is precisely all of the abovementioned facts that just give the right to assert with certainty that this is not a pyramid, but rather a reliable source of money saving while simultaneously protecting the life and the health.

With regard to the issue of choosing the insurance company and the contract, which is more interesting and attractive, attention should be paid to the following factors [3]:

- when the fund was founded;
- who established the fund;
- how the fund survived in the crises of 2008 and 2014;
- what is the net unit cost of the pension contribution.

It has been well said that nothing costs so cheap and is not valued so expensive as the insurance policy. There is still distrust in insurance companies and often this distrust is justified. Nevertheless, people simply have no other way, and they will definitely come to the right decision. The main thing is to make the choice before it is too late.

## References

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## CONCEPTUAL APPROACHES TO THE DEFINITIONS OF THE CONCEPTS “SECURITY” AND “FINANCIAL SECURITY”

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Researching the problem of the enterprise security including financial security began to appear in scientific literature not long ago. Generally, attention of the scientists is riveted on the issues of an enterprise security formation, development of an effective mechanism of its management as well as studying its theoretical and methodological bases.

A review on scientific sources concerning interpretation of the entity of the concept "security of the enterprise" showed that there is no a standard definition of the term "security" among domestic and foreign scientists. However, at the same time, there are no fundamental differences in approaches to interpretation of the category content. Among different interpretations of this concept are the following:

- security of the enterprise is a provision of the most effective use of the resources for prevention of threats and ensuring a stable functioning of the enterprise [1] in modern conditions and in the future;

- security of the enterprise is a security of his activities from a negative impact of an external environment as well as the ability to eliminate various threats in due time or to adapt to the existing conditions which do not affect negatively the enterprise activities [2];

- security of the enterprise is a set of actions directed to strengthening of financial stability of the enterprise in the conditions of market economy and protection of its commercial interests against a negative impact of market processes [9];

- security of the enterprise is the system of the enterprise characteristics, contributing to its independence, stability, ability to further development in the conditions of a destabilizing influence of various factors [3];